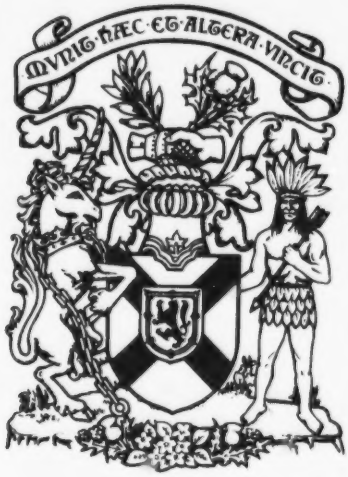
Nova Scotia

# BUDGET ADDRESS

by Honourable Joel R. Matheson, Q.C.
Minister of Finance

Nova Scotia
House of Assembly
for the fiscal year
1983·84




NOVA SCOTIA
HOUSE OF ASSEMBLY
APRIL 18, 1983

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# BUDGET ADDRESS

PROVINCE OF NOVA SCOTIA
1983-84

HONOURABLE JOEL R. MATHESON Q.C.
MINISTER OF FINANCE

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# BUDGET ADDRESS

## PROVINCE OF NOVA SCOTIA

Honourable Joel R. Matheson, Q.C.
Minister of Finance

## INTRODUCTION

I am pleased to present to the House of Assembly the Government of Nova Scotia's budgetary plan for the 1983-84 fiscal year.

The fiscal framework I am about to outline reflects the government's resolve to continue to assist Nova Scotians during these times of economic hardship. It provides leadership to all sectors of the economy during the recovery process now beginning.

This Budget illustrates the government's determination to lay the necessary groundwork for maximization of our offshore development potential, thereby increasing the long-term employment opportunities and income prospects for our residents.

Most importantly, this Budget emphasizes that our success in achieving our objectives will come through sound fiscal management policies — policies that are responsive to the needs and aspirations of Nova Scotians, yet sensitive to the ongoing government commitment to cost control and deficit reduction.

*Sound fiscal management policies*

## ECONOMIC ENVIRONMENT

The achievement of such goals during these difficult economic times is a major challenge to government.

The national economy and those of our major trading partners have been battered by the worst recession in 50 years. High levels of unemployment are being experienced throughout Canada and the United States. Although the 1982 decline in economic output translated into a welcome downward trend in inflation and interest rates, real declines in economic output were experienced by all provinces last year. While Nova Scotia did not escape the effects of the recession, our diversified economic base sustained a stronger performance than in many of our sister provinces.

- Nova Scotia's gross domestic product at market price grew by two percent more than the national average last year.
- Nova Scotians experienced real gains in personal income in 1982 compared to real declines suffered by most Canadians.

*Nova Scotia's economic growth exceeds national average*

- Nova Scotia's employment performance was better than that experienced nationally.
- Nova Scotia registered significant real growth in output in the agriculture and mining components of its primary resource sector during the past year.
- Nova Scotia's commercial services sector exhibited considerable strength stimulated by offshore oil and gas exploration activity.

*Prospects for 1983 cautiously optimistic*

The prospects for 1983 are cautiously optimistic. Real growth in Canada's economic output is forecast between one and two percent with three percent growth expected for the United States. Although unemployment will remain a serious concern, the rate of inflation should continue to decline in both countries this year.

*Provincial economic expansion predicted second highest in Canada*

The Nova Scotia economy is expected to experience significant real growth in output, again exceeding the national economic performance. In fact, the highly respected Conference Board in Canada is expecting Nova Scotia's rate of expansion in 1983 to be second only to growth anticipated for the Province of Alberta.

Already, a substantial increase in residential construction activity is being experienced throughout the province.

Nova Scotia's retail trade activity is showing considerable strength, and its growth rate should rank second highest in Canada this year.

A fast recovery with significant real growth is expected in our manufacturing sector.

We anticipate continued growth in real personal income per capita in Nova Scotia versus a continued real decline nationally.

As well, offshore exploration will continue to be a driving force in our economy as activity in this area is expected to almost double this year.

Through this diversified growth, the expansion of our primary resources, and the prospects for our offshore, we can look forward as a province to a more positive 1983.

## FISCAL ENVIRONMENT 1982-83

While the economic prospects for 1983 are indeed encouraging, the severe recession during 1982 took its toll on the fiscal position of the federal and all provincial governments.

As the economic downturn in 1982 proved deeper than the most negative projections of one year ago, corporations and small businesses all across this country experienced substantial losses, and bankruptcies increased at an alarming rate. Unemployment rose to the highest levels in 50 years.

*National recession exerts downward pressure on government revenues*

This deterioration of national economic conditions reduced the income levels of individuals and businesses and suppressed consumer spending.

This substantial erosion of the basis of most federal and provincial taxes translated into considerably lower revenues for both levels of government last year and, consequently, an increase in their financial requirements.

The original federal deficit projected for 1982-83 in their November 1981 Budget escalated dramatically. The original federal forecast of $10.5 billion is now expected to be in the range of $25 billion.

Provincial governments also faced a substantial upward trend in their estimated deficits during 1982-83. Latest figures indicate that the financial requirements of all provinces will be more than $3 billion higher in 1982-83 than originally estimated, bringing the total budgetary deficits of all ten provinces to more than $10 billion.

As one would expect, Nova Scotia's revenues could not be shielded from the hard times and are now forecasted to be $168.8 million lower than originally estimated.

Over 60 percent of Nova Scotia's ordinary revenues are based on financial projections supplied by the federal government. Federal miscalculation of the extent of the 1982 economic recession resulted in several reductions in federal estimates of some of the province's major revenue sources. These reductions accounted for approximately $100 million of the total decline experienced in the revenue forecast of the province for 1982-83.

*Responsibility to shield Nova Scotians*

When it became evident that original revenue forecasts would not materialize because of the unpredicted severity of the recession, we had to balance between continued public assistance and massive reductions in expenditures. Our first responsibility was to shield Nova Scotians, both individuals and businesses, as much as possible from further hardships arising from the recession. We chose, therefore, to counter the revenue reduction with a restraint policy rather than with massive cutbacks in programs.

To do otherwise would have resulted in a recession of much greater magnitude with higher unemployment and greater prospects for business bankruptcies. To do otherwise would have been an abdication of the government's responsibility to private and corporate citizens of Nova Scotia.

*Total expenditures reduced over budget estimate*

In the past year we conducted an in-depth review of our budgeted expenditures. In spite of the deepening economic severity and corresponding increase in demand for public services, the Government of Nova Scotia succeeded in reducing both the gross ordinary and capital expenditures of the province by almost $40 million from the 1982-83 budget estimate. This is indicative of the success of major policies implemented in 1982 to reduce and control government spending — a major accomplishment considering the economic circumstances faced by all governments during the past year.

As the year progressed and the recession deepened, it became obvious that many Nova Scotians stood to face severe economic hardships. In our determination to help Nova Scotians cope with the high interest rates and reduced consumer demand both at home and abroad, we introduced targetted protection to key sectors of the economy through our various government loan and industrial development programs.

For this reason, the forecast of Net Statutory Capital Advances for 1982-83 shows an increase of $20 million over last year's budget estimate.

Whether or not to allow the province's cash requirements for 1982-83 to increase over the budget was a very difficult choice for the government. Yet, the final result was only a four percent increase in Nova Scotia's cash requirements over 1981-82, during a year which saw the most massive economic downturn in Canada since the depression of the 1930's.

## BUDGET STRATEGY AND OBJECTIVES

All governments in this country are now struggling to overcome the major hurdles associated with last year's drastic economic decline. While the prospects for the coming fiscal year are much more promising, government fiscal policies are critical to the strength of anticipated recovery.

*The Government of Nova Scotia faces a three-fold challenge:*

- concentration must be centered on ensuring the economic recovery process proceeds orderly and quickly, providing expanded employment opportunities for Nova Scotians;
- a planned course of deficit reduction must be followed; and
- we must address a wide range of policy initiatives necessary to enhance our offshore development potential.

Despite the temptation to address ourselves primarily to the difficult, short-term economic problems facing the province, the Government of Nova Scotia must not and will not shy away from its responsibility to face the critical, long-term decisions that will be associated with offshore developments.

*Long-term economic importance of offshore development*

I need not emphasize the importance of such offshore projects to the long-term growth prospects for the province. They will provide employment opportunities for Nova Scotians for many years to come. They will expand the revenue base of the province and will allow us to achieve higher levels of prosperity comparable to those of our traditionally more affluent partners in Confederation.

This government will not let this opportunity to expand our fiscal and economic base pass us by because of a failure to take responsibility and to implement the long-range planning and policy initiatives necessary to maximize our offshore development potential.

In developing the budgetary framework to deal with the present economic realities and these long-term growth prospects, the government realized the responsible role it has to play in the recovery process.

This responsibility involves recognizing and meeting the needs of our citizens during these difficult times and it involves maintaining a sound and stable policy and fiscal environment which will create both consumer and investor confidence.

*Firm commitment to preserving essential public services*

The government is firmly committed to preserving the necessary level of essential public services provided to the citizens of this province. Emergence from a recession is a time when those who need government social programs must be reassured that such programs will continue to be there during the long, and sometimes difficult, road to economic recovery.

*Stimulus for job creation and economic recovery*

This Budget also provides stimulus to selected sectors of our economy in an effort to create much needed jobs and hasten the recovery process. We will continue our restraint program, balancing it with our recognition that today's society will not tolerate social injustice.

Above all, these objectives will be achieved within the framework of a responsible and manageable fiscal plan. The framework I will be presenting reflects a major step in a planned course of deficit reduction to be achieved over the next few years. This program is predicated on holding our restraint course in all sectors as our revenues increase during the recovery process.

The resulting enhancement of consumer and investor confidence in the province will ensure that the maximum benefits from economic recovery are achieved and that the stage is set for the enormous investment potential of the future.

## FEDERAL BUDGET

To encourage Canada's economic recovery, the federal budget must also be designed to enhance consumer and investor confidence, which has been badly eroded in recent years by a variety of national fiscal and monetary policies.

This rebuilding of confidence requires that the federal government be carefully attuned to the needs of private and corporate citizens and avoid policies which are disruptive and substantially increase federal fiscal requirements.

*Period of stability necessary for investors*

A period of stability is necessary to afford investors the opportunity to plan for the future and undertake major capital investment projects. For this reason, further disruptive changes to the taxation regime which have discouraged capital investment in this country in recent years should be avoided.

While recognizing that some increase can occur, the federal government should avoid massive increases in their deficit when providing controlled economic stimulus. Any substantial shift in the fiscal policy stance of the Government of Canada will only increase uncertainty and counter their expressed sincerity in solving the country's economic woes. A resurgence of inflation and interest rates, which were the primary causes of the worst recession since the Great Depression, would undoubtedly result.

As well, I strongly urge that federal and provincial governments alike co-operate in their efforts to find solutions to the country's economic problems.

## FISCAL PLAN 1983-84

*Planned path to deficit reduction*

1983-84 will be the turning point of the government's planned path to current account deficit reduction and, ultimately, deficit elimination.

Substantial economic growth forecast for Nova Scotia this year, coupled with anticipated improvements in the inflationary situation, are expected to alleviate the downward pressure on revenue growth and the upward pressure on expenditure increases which have been experienced throughout the recession.

This closer alignment of traditional growth patterns in revenues and day-to-day expenditures will afford the government the opportunity to gradually reduce deficit levels which have accumulated recently in response to unprecedented forces.

*Necessary mix of selected stimulus & restraint*

Improvements in the deficit position will logically occur with the strengthening of the economy as long as the government concentrates on providing the correct mix of selective assistance for economic growth and restraint in its operations.

Towards this end, I have endeavoured to meet with representatives from the private sector to discuss those measures which would most effectively aid in our efforts to

achieve such a mix while simultaneously preserving the level of essential public services in our province. Their advice has been extremely helpful in establishing government policies.

It is our intention to continue our programs of restraint which include:

- limitations on public sector salary and wage increases,
- control of the size of the civil service,
- program review,
- departmental cost control.

This government is committed to orderly deficit reduction.

*Significant improvement in current account deficit*

The current account deficit for 1983-84 is estimated to be $248.5 million, which represents a $44.6 million improvement over the previous year's level. This is indicative of not only improved revenue projections of the province arising from expanded economic activity, but also of the government's efforts to exercise restraint and efficiency in its day-to-day operations.

As I have stated, a stable fiscal environment is of critical importance during the recovery process. It was considered imperative, therefore, that the tax burden on the citizens and industries of the province not be materially increased at this time.

*No major tax increases*

There will be no increase in the Individual Income Tax rate.

There will be no increase in the Corporate Income Tax rates.

There will be no increase in the Health Services Tax rates.

There will be no increase in the Gasoline and Diesel Oil Tax rates.

One relatively minor measure will be introduced. At present, Nova Scotia is the only province in Canada which does not have a tax on cable television services. In order to bring our tax in line with practices in all other provinces, effective June 1, 1983, these services will be subject to the province's Amusement Tax.

## EXPENDITURE PROGRAMS 1983-84

*Employment and housing sector stimulus*

While the maintenance of essential service levels for our citizens will continue to be a priority of this government's expenditure program for the upcoming year, the Budget is also aimed at providing employment and much-needed stimulus to the housing sector in the province.

## EMPLOYMENT AND ECONOMIC DEVELOPMENT

Despite improved economic growth prospects for the coming year, high levels of unemployment will continue to plague the Canadian economy in the short term.

By providing stimulus and leadership to all sectors of the economy, our government is setting the tone of the recovery process, which will provide employment strength in the private sector over the long term.

But, help in the short term is paramount as well. The burden of high unemployment must be relieved. Nova Scotians without jobs today want work. It is imperative, therefore, that government do what it can to help those without jobs today, and to help employ our students who want to further their education.

This Budget tackles these needs with an immediate employment support and economic development program.

As emphasized in the table provided, the province is committing more than $400 million this year to programs that will provide this much-needed employment and long-term economic development.

*EMPLOYMENT AND ECONOMIC DEVELOPMENT FUNDS*

*1983-84*

| | Millions of Dollars |
|---|---|
| **Public Works and Construction** | **$193.0** |
| Transportation | 103.6 |
| Capital Grants | 58.4 |
| Public Works & Special Projects | 18.4 |
| Other | 12.6 |
| **Industrial & Resource Development** | **76.7** |
| Industrial Development | 49.0 |
| Nova Scotia Farm Loan Board | 18.0 |
| Fisheries Development Fund | 6.0 |
| Other | 3.7 |
| **Funds for Economic Investment** | **83.2** |
| **Housing Construction** | **55.5** |
| Nova Scotia Housing Commission | 48.5 |
| Homeowners' Incentive Grants | 7.0 |
| **Direct Employment Programs** | **8.2** |
| Summer Employment | 5.6 |
| Winter Employment | 1.0 |
| New Employment & Development | 1.2 |
| Other | 0.4 |
| **Total Funds for Employment And Economic Development** | **416.6** |

PUBLIC WORKS AND CONSTRUCTION. Almost one-half of these funds or $193 million are provided for a variety of public works and capital construction projects. This involves a comprehensive highway construction program which will provide jobs across many sectors and regions of the province.

HOUSING. Funds advanced to the Nova Scotia Housing Commission for loans and construction programs in 1983-84 are expected to be approximately 150 percent of last year's level. When coupled with the recent extension of the $2,000 Homeowners' Incentive Grant until the end of 1983, it is estimated that 5,000 new housing starts could be initiated during the next year. This emphasizes the importance that this government attaches to residential construction activity as a catalyst for expansion of our provincial economy and the creation of jobs.

ASSISTANCE TO FARMERS. The Budget also provides for a 24 percent increase in the funds available for farm loans. This expanded support for the agriculture sector ensures that employment opportunities in this industry are maximized.

To increase production and to provide for more stable economic conditions this Budget will provide $682,500 for new provincial beef support and sheep improvement programs.

INDUSTRIAL DEVELOPMENT. We also recognize the important role of the province's diversified industries in job creation and long-term economic development. In 1983-84, an additional $14.9 million will be provided for industrial development loans, bringing the total amount of available financing for a variety of industrial investments to $49 million this year.

*Continued support of the industrial sector*

Continued support of Nova Scotia's industries will ensure that the recovery of the Nova Scotia economy is broad based and that employment gains are maximized across all regions of the province.

I would like to point out that the government is extremely encouraged by the contributions to economic recovery being made by the private sector in developing our offshore natural resources.

A substantial increase in exploration activity off our coast this year and the economic spinoff emanating from annual expenditures by these exploration programs totalling hundreds of millions of dollars, reinforces all projections for a strong and lasting recovery in this province. The Industrial Benefits Office of the Department of Development will ensure that all Nova Scotia companies have maximum access to all oil and gas companies' purchasing requirements. Jobs will be created across many varied sectors of the economy as both small and large businesses in the province respond to meet the needs associated with the increased offshore activity.

## ESSENTIAL SERVICES

*Priority given to maintaining essential levels of service*

In addition to the comprehensive employment and economic development strategy I have just outlined, the government places a major priority on maintaining the essential level of services provided Nova Scotians. This Budget provides approximately $1.7 billion for the provision of education, health and social service programs during 1983-84, which represents 64 percent of ordinary expenditures.

## *ESSENTIAL SERVICES*
*1983-84*

| | Millions of Dollars |
|---|---|
| **Education** | **$ 700.1** |
| Assistance to Universities | 150.9 |
| Vocational Schools | 24.7 |
| Grants to School Boards | 404.5 |
| Miscellaneous Grants & Assistance | 58.5 |
| Other | 61.5 |
| **Health** | **698.9** |
| General Hospital Services | 431.5 |
| Health Services | 182.2 |
| Psychiatric Services | 34.9 |
| Community Health | 20.9 |
| Other | 29.4 |
| **Social Services** | **256.3** |
| Family Benefits | 100.5 |
| Family & Children Services | 17.5 |
| Senior Citizens Financial Aid | 15.2 |
| Municipal Social Services | 71.1 |
| Other | 52.0 |
| **Total Essential Services** | **1655.3** |
| **As a Percent of Ordinary Expenditures** | **64%** |

As I have noted earlier, Nova Scotians who require our major social programs must be continually assured these services will not be curtailed when they are most needed, during the long and difficult road to economic recovery.

I must add that this has not been easy for the Government of Nova Scotia, particularly in the area of post-secondary education. But in a changing world, nothing is more certain than that the future will belong to those who have the education and skills.

Last year, my budget described the financial strain placed on the provincial treasury by federal cutbacks in the funding of health care and post-secondary education. Since that time, further cutbacks have been imposed unilaterally by the Government of Canada with respect to post-secondary education.

The placing of additional fiscal burden on already constrained treasuries of the provinces, coupled with the obvious federal-provincial battle which ensues, does nothing to restore the confidence of Canadians in the efforts of governments to adequately deal

with these difficult times, and does little to help provincial governments plan and carry out their commitments.

Because of unanimous provincial concern in this area, I recently released, on behalf of all provincial Ministers of Finance and Treasurers, a consensus report informing Canadians of the effects of the unilateral federal action on the delivery of health and post-secondary education programs in the provinces.

*Call for no reduction in federal transfers for post-secondary education*

The report calls upon the Government of Canada to refrain from the planned reduction in post-secondary education transfer payments.

There is still uncertainty over future federal financial commitments to these programs. Funds for post-secondary education are only committed for the next two years and the financial ramifications of the proposed Canada Health Act are not yet clear.

EDUCATION AND MANPOWER TRAINING. The economy of tomorrow will be vastly different from the economy of today. Jobs will be diversified. Indeed, we are seeing change on a daily basis. More and more job qualifications are calling for higher skills and levels of training. We have a commitment to develop a highly skilled and educated work force in Nova Scotia. Only then can we ensure that young Nova Scotians will be ready for the industries of tomorrow.

To provide employment for today and to provide the skills and training for tomorrow, government must maintain a strong commitment to education. This Budget provides for an increase in the assistance to universities of approximately $7.2 million in 1983-84.

*Additional funds for occupational training related to offshore resource industries*

Emphasis will continue to be placed in the education budget on technical and vocational training to prepare Nova Scotians for occupations relating to emerging offshore resource industries. This priority is considered essential if we are to maximize our future development potential. An additional $1.9 million will be provided for regional vocational education in the province during 1983-84.

I might add that in the interest of providing such training in the most efficient way possible and within the limitations of general fiscal restraint, a restructuring of vocational programs has ensured that a maximization of our training dollars for future offshore opportunities has been achieved.

Certainly, if our young people are to have all the necessary skills for tomorrow, now is not the time to cut back on funding for education. That is why this government becomes concerned when the federal government withdraws its participation in training courses provided at Nova Scotia adult vocational training centres. Reduced federal participation means a reduction in courses available and reductions in training staff. At a time when more and more skills are needed for employment, and at a time when the federal government is talking about creating employment — now is not the time to do just the opposite.

I am also pleased to highlight that this Budget provides funds for the commencement of a Marine Navigation School at the Ocean Industries Park in Dartmouth. The construction of this facility reflects the priority we place on reaping maximum benefit from the future opportunities afforded by our ocean industries and our offshore resources.

The Budget also provides funding for the development of a Computer Aided Design Centre at the Technical University of Nova Scotia. The technology and techniques developed at this centre will provide small and medium-sized industry in the province with a competitive alternative to much slower manual planning operations.

The availability of such a facility should also aid in the development of custom production systems for the offshore as well as assist in introducing high technology to the province's industrial base.

All of the measures I have outlined reinforce our determination to ensure that the Nova Scotia workforce and industries are prepared to take full advantage of the opportunities offered by changing technology and offshore activity, both of which are expected to accelerate in the coming years.

The Budget provides funding for the recently announced Royal Commission on Post-Secondary Education, which will undertake a wide-ranging examination of current issues in this area. This should lead to a streamlining of program delivery and ensure that Nova Scotians continue to receive high quality post-secondary education programs in the most effective and cost-efficient manner.

In 1983-84, grants to school boards will provide an additional $26.2 million for the provision of education services throughout the province.

I would like to emphasize that the government's implementation of revised educational and municipal funding arrangements last year provided considerable relief to municipal taxpayers in the province. This enabled many municipalities to generate surplus funds and maintain or reduce property tax rates last year.

*Continued provision of national standards of health & medical care*

HEALTH CARE. Despite the large proportion of the provincial budget attributable to health care and the necessity to continue to exert fiscal restraint in program delivery, the government will not weaken in its resolve to continue to provide Nova Scotians with national standards of health and medical care.

The success of our restraint efforts is evidenced by the fact that our per capita expenditures required to support national average standards of health care are among the lowest in this country. Nova Scotians can be assured, therefore, that the health delivery system upon which they depend is among the most efficient and cost-effective in Canada.

Overall spending in the Health Department will increase by 11 percent in 1983-84 over last year.

- $431.5 million will be spent on general hospital services, reflecting an increase of 11.1 percent over the previous year, and
- $182.2 million will be expended on a variety of health services, including medical services, the children's dental program and pharmacare, reflecting an increase of 11.7 percent over the forecast for 1982-83.

To ensure that the delivery system for the essential health care of Nova Scotians is not compromised, this Budget also provides for a capital program totalling $22.5 million. Primarily, this will involve the upgrading of existing medical facilities, including $2.6 million for renovations to the Camp Hill facility. It will also provide funds for the commencement of a new hospital facility at Glace Bay.

These projects not only result in a continued upgrading of the quality of health care provided Nova Scotians but will also provide much-needed employment in the months ahead.

*Responsible social service programs*

SOCIAL SERVICES. The economic circumstances anticipated will require that responsible social service programs continue to be maintained in the province — programs sensitive to the needs of those citizens who, through no fault of their own, may need help through these difficult times.

This government will not allow its citizens to suffer.

The budget for the Department of Social Services in 1983-84 provides an additional $18.9 million to be spent in this area over last year, for a total of $239 million.

While the bulk of this assistance will go to provide family benefits and the province's share of municipal social assistance programs, a substantial amount of the department's budget will be directed to senior citizens.

*Emphasis on assistance for senior citizens*

Our seniors who have made, and who continue to make, their contribution to the very fibre of this province, are often the hardest hit by difficult economic circumstances because of their relatively fixed incomes in relation to rising costs of living. During 1983-84, approximately $15.2 million will be spent on a variety of programs for senior citizens, emphasizing the importance that this government and the people of Nova Scotia attach to their role in our society.

As with health care expenditures, our per capita cost of delivery of social service programs is one of the lowest in Canada, reflecting the success of our cost-saving and restraint efforts.

## ENERGY AND MINERAL RESOURCES

I would like to take this opportunity to expand upon the prospects for development of our energy and mineral resource potential.

In last year's budget, I outlined the benefits that Nova Scotia expected to achieve from the signing of the Nova Scotia/Canada Offshore Management and Revenue Sharing Agreement. I also explained the structure that the government had established through the Resource Development Committee of Policy Board to co-ordinate the myriad of government policies and programs necessary to fulfill our role in future developments.

Over the past year, I am pleased to report that the benefits from these initiatives have been substantial and extremely positive.

*Major expansion of offshore exploration*

Through the establishment of a stable management and fiscal regime, major expansion of exploration activity is taking place off our coast. Six rigs are presently operating offshore and, by late 1983, at least nine are anticipated. Such exploration programs signed to date or under negotiation will approximate $2.5 billion over the next few years.

It cannot be denied that such spending within our economy will provide jobs and substantial spinoff benefits across many sectors and regions of this province. As well, it is obvious that this expansion of our economic base will provide important fiscal benefits to the Government of Nova Scotia.

Our revenue base is already reflecting this increased activity and the fiscal prospects for the province are extremely promising — once production is underway.

*Government policy & initiatives form foundation for future development*

Activity spurred by the signing of the offshore agreement will obviously maximize the possibility of discovery of future commercial quantities of oil and natural gas. The policy and initiatives that this government has put in place will serve as the foundation for the future economic development and fiscal prosperity of this province. This will allow Nova Scotians to secure a place with our more affluent partners in Confederation and will ensure that we play a key role in Canada's energy self-sufficiency.

## CONCLUSION

We are all aware that the past year has been one of the most trying and difficult economic periods for all governments in this country in recent history.

What makes Nova Scotia so fortunate, however, is that we have a bright future as the current economic difficulties are overcome. Many of our sister provinces are not so fortunate. For many, the road to recovery will be long, slow and difficult with no major driving force to quickly return them to past levels of prosperity. However, for Nova Scotia, the light is on at the end of the tunnel, particularly in terms of our offshore development prospects.

Although the budgets of this government have not been predicated on future fiscal returns from offshore activity, I cannot emphasize enough my enthusiasm for the future fiscal prospects of this province.

This confidence will not, however, weaken our resolve to deal with current economic circumstances in a responsible and effective manner, no matter what the future holds. Your government must and will continue to do everything in its power to reduce the cost of providing government services. With the prospects of economic recovery before us, we will proceed on a course of planned deficit reduction leading to balanced budgets. At the same time, we will balance these initiatives with sensitive and targetted stimulus to provide jobs and set the stage for future economic development prospects.

The Budget I have tabled here today provides this mix of fiscal and economic policies.

It establishes a comprehensive employment strategy which will ensure that the burden of unemployment is eased during the coming year.

It maintains an essential level of service for Nova Scotians, despite federal cutbacks and the continuing need to exercise restraint and reduce the costs of program delivery.

More important, it achieves these goals within the framework of a responsive approach to deficit reduction.

Our continued efforts to deal responsibly with current economic conditions and, at the same time, build upon our traditional economic base will ensure that our private and corporate citizens continue to view Nova Scotia as a promising place to live and invest. Such enhancement of confidence will lay the groundwork for maximizing our energy and resource potential. Furthermore, such efforts reaffirm this government's long-term commitment to the people of this province and to generations to come.

Nova Scotia is gathering strength.

Our province is poised for new growth.

The elements for successful recovery are coming together.

The policies I have outlined today on behalf of the government will seize the opportunities before us and build on the quality of life and well-being of Nova Scotians today and tomorrow.

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# FINANCIAL AND SUPPLEMENTARY INFORMATION

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ESTIMATES 1983-84 — SUMMARY

# Budgetary Requirements - Summary

Schedule 1

| ACTUAL 1981-82 | FORECAST 1982-83 | | ESTIMATE 1983-84 |
|---|---|---|---|
| | | CURRENT ACCOUNT | |
| 2,117,712,844 | 2,383,597,400 | Ordinary Expenditures | 2,587,121,200 |
| 160,654,109 | 172,054,400 | Ordinary Recoveries | 196,765,500 |
| 1,957,058,735 | 2,211,543,000 | Net Ordinary Expenditures | 2,390,355,700 |
| 1,729,868,930 | 1,932,470,000 | Ordinary Revenues | 2,141,842,800 |
| (227,189,805) | (279,073,000) | | (248,512,900) |
| 46,881,049 | (14,084,000) | Prior Years' Adjustments — Federal-Provincial Fiscal Arrangements | ... |
| (180,308,756) | (293,157,000) | Surplus (Deficiency) of Current Operating Revenues and Recoveries Over Expenditures | (248,512,900) |
| 34,273,924 | 45,418,000 | Sinking Fund Installments and Serial Retirements | 52,401,000 |
| | | CAPITAL ACCOUNT | |
| 292,008,097 | 228,569,100 | Expenditure Program | 250,525,500 |
| 42,427,100 | 34,084,900 | Recoveries | 49,615,100 |
| 249,580,997 | 194,484,200 | Net Expenditures | 200,910,400 |
| 59,868 | 75,000 | Advances (Under the Appropriations Act) | 37,500 |
| 249,640,865 | 194,559,200 | | 200,947,900 |
| 464,223,545 | 533,134,200 | Budgetary Requirements | 501,861,800 |
| 75,873,849 | 29,375,200 | Net Increases in Advances and Investments | 45,636,800 |
| **540,097,394** | **562,509,400** | | **547,498,600** |

# Ordinary Revenues - Summary

*Schedule 2*

| ACTUAL 1981-82 | FORECAST 1982-83 | DEPARTMENT | ESTIMATE 1983-84 |
|---|---|---|---|
| | | ORDINARY REVENUES | |
| 624,721 | 711,900 | Agriculture and Marketing | 717,700 |
| 14,463,366 | 15,211,000 | Attorney General | 21,518,000 |
| 2,250,316 | 2,635,700 | Consumer Affairs | 5,123,000 |
| 160,787 | 4,000 | Culture, Recreation and Fitness | 2,000 |
| 21,845 | 9,600 | Development | 46,400 |
| 2,025,675 | 2,754,000 | Education | 3,243,200 |
| 804,469 | 852,000 | Environment | 867,900 |
| 1,665,818,028 | 1,862,304,000 | Finance | 2,055,462,000 |
| 21,106 | 56,500 | Fisheries | 73,100 |
| 1,094,676 | 1,072,000 | Government Services | 997,000 |
| 523,654 | 980,000 | Health | 1,100,000 |
| 119,748 | 210,000 | Labour and Manpower | 274,000 |
| 6,250,236 | 5,769,000 | Lands and Forests | 6,438,000 |
| 2,417,788 | 2,082,000 | Mines and Energy | 2,735,000 |
| 349,601 | 360,300 | Municipal Affairs | 373,500 |
| 983,973 | 1,566,200 | Public Service | 1,800,000 |
| 24,465 | 40,000 | Social Services | 62,000 |
| 4,084,482 | 4,414,800 | Tourism | 5,500,000 |
| 27,829,994 | 31,437,000 | Transportation | 35,510,000 |
| **1,729,868,930** | **1,932,470,000** | | **2,141,842,800** |
| | | ORDINARY RECOVERIES | |
| 269,382 | 384,800 | Agriculture and Marketing | 395,200 |
| 14,949,271 | 19,957,700 | Attorney General | 21,137,200 |
| 17,577,264 | 4,432,600 | Development | 16,417,100 |
| 15,531,122 | 3,859,800 | Education | 4,597,400 |
| 5,401,435 | 6,150,000 | Assistance to Universities | 6,350,000 |
| 153,797 | 124,300 | Environment | 127,700 |
| 674,794 | 707,800 | Finance | 127,500 |
| 1,062,920 | 968,900 | Fisheries | 996,800 |
| 13,334,148 | 17,495,900 | Health | 19,076,300 |
| 3,571,061 | 20,383,900 | Labour and Manpower | 20,860,900 |
| --- | 601,500 | Lands and Forests | 1,064,100 |
| 2,787,328 | 3,392,000 | Mines and Energy | 2,756,800 |
| 12,144,923 | 1,833,800 | Municipal Affairs | 1,576,400 |
| 555,945 | 1,190,100 | Public Service | 1,234,100 |
| 72,587,588 | 90,515,600 | Social Services | 99,989,100 |
| 53,131 | 55,700 | Tourism | 58,900 |
| **160,654,109** | **172,054,400** | | **196,765,500** |

# Ordinary Expenditures - Summary

*Schedule 1*

| ACTUAL 1981-82 | FORECAST 1982-83 | DEPARTMENT AND SERVICE | ESTIMATE 1983-84 |
|---|---|---|---|
| 28,908,159 | 28,931,000 | Agriculture and Marketing | 32,128,200 |
| 33,029,139 | 37,778,100 | Attorney General | 40,586,800 |
| 2,539,159 | 2,855,500 | Consumer Affairs | 3,128,000 |
| 9,338,543 | 8,916,600 | Culture, Recreation and Fitness | 9,746,000 |
| 85,093,542 | 55,777,600 | Development | 66,362,100 |
| 420,659,783 | 505,056,600 | Education | 535,504,400 |
| 130,417,023 | 143,625,000 | Assistance to Universities | 150,850,000 |
| 7,887,700 | 7,904,700 | Environment | 7,577,700 |
| 29,996,375 | 33,126,900 | Finance | 44,866,600 |
| 225,083,490 | 313,537,900 | Debt Charges | 394,682,100 |
| 13,758,223 | 11,672,200 | Fisheries | 11,168,300 |
| 20,653,491 | 24,937,300 | Government Services | 26,403,000 |
| 537,320,749 | 629,201,000 | Health | 696,964,200 |
| 7,079,817 | 24,512,700 | Labour and Manpower | 25,746,900 |
| 20,331,497 | 20,427,400 | Lands and Forests | 26,805,800 |
| 31,794,231 | 35,290,500 | Mines and Energy | 9,846,400 |
| 142,094,223 | 73,262,500 | Municipal Affairs | 63,947,100 |
| 78,205,340 | 98,655,200 | Public Service | 92,989,600 |
| 183,343,329 | 220,005,100 | Social Services | 238,936,100 |
| 13,091,798 | 12,176,700 | Tourism | 12,181,900 |
| 97,087,233 | 95,946,900 | Transportation | 96,700,000 |
| **2,117,712,844** | **2,383,597,400** | | **2,587,121,200** |

# Capital Expenditures and Recoveries - Summary

*Schedule 4*

ESTIMATE OF EXPENDITURE AND RECOVERY OF THE PROVINCE OF NOVA SCOTIA, CHARGEABLE TO CAPITAL ACCOUNT FOR THE FISCAL YEAR ENDING MARCH 31, 1984

| ACTUAL 1981-82 | FORECAST 1982-83 | DEPARTMENT | ANTICIPATED CARRY FORWARD AVAILABLE FROM 1982-83 | ESTIMATE 1983-84 | TOTAL PROGRAM 1983-84 |
|---|---|---|---|---|---|
| | | **CAPITAL EXPENDITURES** | | | |
| | | FURNITURE AND EQUIPMENT | | | |
| 174,811 | 390,600 | Agriculture and Marketing | --- | 1,289,000 | 1,289,000 |
| 160,881 | 142,500 | Attorney General | 47,700 | 90,100 | 137,800 |
| --- | --- | Development | --- | 56,000 | 56,000 |
| 2,846,827 | 3,196,400 | Education | 138,500 | 1,790,000 | 1,928,500 |
| 326,487 | 112,000 | Environment | --- | 140,000 | 140,000 |
| 93,339 | 78,700 | Finance | --- | 30,200 | 30,200 |
| --- | --- | Fisheries | --- | 43,000 | 43,000 |
| 507,974 | 609,300 | Government Services | --- | 1,000,000 | 1,000,000 |
| 9,417 | 7,000 | Health | --- | 63,500 | 63,500 |
| 3,242,301 | 2,865,000 | Lands and Forests | --- | 400,000 | 400,000 |
| 215,983 | 175,000 | Mines and Energy | --- | 100,000 | 100,000 |
| --- | --- | Public Service | --- | 3,000 | 3,000 |
| 34,077 | --- | Social Services | --- | 23,500 | 23,500 |
| 227,653 | 217,800 | Tourism | --- | 202,000 | 202,000 |
| 7,839,750 | 7,794,300 | | 186,200 | 5,230,300 | 5,416,500 |
| | | OTHER | | | |
| 118,875 | 649,400 | Agriculture and Marketing | 250,600 | 2,100,000 | 2,350,600 |
| 46,813,906 | 36,384,700 | Development | 22,420,600 | 33,650,800 | 56,071,400 |
| --- | 23,500 | Education | --- | 7,000 | 7,000 |
| 1,625,004 | 368,400 | Environment | --- | 295,000 | 295,000 |
| 11,736,991 | 8,077,300 | Lands and Forests | --- | 3,308,000 | 3,308,000 |
| 6,531,897 | 2,123,000 | Public Service | --- | 2,123,000 | 2,123,000 |
| --- | --- | Tourism | --- | 450,000 | 450,000 |
| 66,826,673 | 47,626,300 | | 22,671,200 | 41,933,800 | 64,605,000 |
| | | CAPITAL GRANTS | | | |
| 138,535 | 206,400 | Attorney General | 105,000 | 200,000 | 305,000 |
| --- | --- | Development | --- | 940,000 | 940,000 |
| --- | 6,608,100 | Education | --- | 5,300,000 | 5,300,000 |
| 49,492 | 91,000 | Environment | --- | 2,510,000 | 2,510,000 |
| 14,723,659 | 17,582,100 | Health | 2,650,000 | 13,150,000 | 15,800,000 |
| --- | 15,714,500 | Municipal Affairs | 400,000 | 20,000,000 | 20,400,000 |
| 47,428,723 | 6,820,000 | Public Service | --- | 6,820,000 | 6,820,000 |
| 10,071,342 | 4,700,600 | Transportation | --- | 6,360,100 | 6,360,100 |
| 72,411,751 | 51,722,700 | | 3,155,000 | 55,280,100 | 58,435,100 |

| ACTUAL 1981-82 | FORECAST 1982-83 | DEPARTMENT | ANTICIPATED CARRY FORWARD AVAILABLE FROM 1982-83 | ESTIMATE 1983-84 | TOTAL PROGRAM 1983-84 |
|---|---|---|---|---|---|
| 126,530,450 | 99,444,300 | TRANSPORTATION | --- | 103,639,900 | 103,639,900 |
| 18,399,473 | 21,981,500 | PUBLIC WORKS AND SPECIAL PROJECTS | 2,559,000 | 15,870,000 | 18,429,000 |
| **292,008,097** | **228,569,100** | **Total Capital Expenditures** | **28,571,400** | **221,954,100** | **250,525,500** |
| | | CAPITAL ADVANCES | | | |
| 59,868 | 75,000 | Agriculture and Marketing | --- | 37,500 | 37,500 |
| **59,868** | **75,000** | **Total Capital Advances** | **---** | **37,500** | **37,500** |
| **292,067,965** | **228,644,100** | **Total to be Voted Under the Appropriations Act** | **28,571,400** | **221,991,600** | **250,563,000** |
| | | **CAPITAL RECOVERIES** | | | |
| | | FURNITURE AND EQUIPMENT | | | |
| 466,739 | 323,000 | Education | --- | --- | --- |
| 264,564 | --- | Government Services | --- | --- | --- |
| 617,177 | 618,000 | Lands and Forests | --- | --- | --- |
| --- | 14,000 | Social Services | --- | 14,300 | 14,300 |
| 1,348,480 | 955,000 | | --- | 14,300 | 14,300 |
| | | OTHER | | | |
| 35,640,330 | 24,569,800 | Development | 15,784,700 | 23,816,100 | 39,600,800 |
| 115,000 | --- | Education | --- | --- | --- |
| 32,859 | --- | Environment | --- | --- | --- |
| 356,889 | 100,000 | Lands and Forests | --- | --- | --- |
| 36,145,078 | 24,669,800 | | 15,784,700 | 23,816,100 | 39,600,800 |
| | | CAPITAL GRANTS | | | |
| 2,173,398 | --- | Health | --- | --- | --- |
| 1,778,777 | 947,400 | Transportation | --- | 1,114,100 | 1,114,100 |
| 3,952,175 | 947,400 | | --- | 1,114,100 | 1,114,100 |
| 544,847 | 7,202,700 | TRANSPORTATION | --- | 8,885,900 | 8,885,900 |
| 436,519 | 310,000 | PUBLIC WORKS AND SPECIAL PROJECTS | --- | --- | --- |
| **42,427,100** | **34,084,900** | **Total Capital Recoveries** | **15,784,700** | **33,830,400** | **49,615,100** |

# Statutory Capital Items - Summary

Schedule 5

| ACTUAL 1981-82 | FORECAST 1982-83 | CAPITAL ADVANCES AND INVESTMENTS | ESTIMATE 1983-84 |
|---|---|---|---|
| | | ADDITIONAL ADVANCES AND INVESTMENTS | |
| 28,853,725 | 13,000,000 | Fisheries Development Fund | 6,000,000 |
| 13,319,719 | 11,179,100 | Industrial Development Act | 17,000,000 |
| 6,333,480 | 11,409,500 | Industrial Estates Limited | 16,000,000 |
| 8,375,840 | 5,111,600 | Industrial Loan Act | 7,000,000 |
| --- | --- | Municipal Hospitals Loan Act | --- |
| --- | --- | Municipal Loan and Building Fund Act | --- |
| 27,498,293 | 14,500,000 | Nova Scotia Farm Loan Board | 18,000,000 |
| 42,668,910 | 33,260,600 | Nova Scotia Housing Commission — | 48,459,300 |
| 14,626,274 | 3,080,700 | Nova Scotia-Canada, Home Insulation Program | --- |
| 1,002,217 | 976,000 | School Loan Fund Act | --- |
| 8,842,941 (A) | 4,674,000 | Small Business Development Fund | 8,000,000 |
| 528,444 | 1,352,300 | Tidal Power Act | --- |
| 3,610,038 | 1,931,000 | Universities Assistance Act | 2,000,000 |
| 607,500 | 1,682,500 | Venture Corporations Act | 1,000,000 |
| 2,597,443 | 3,191,400 | Miscellaneous | 3,715,100 |
| **158,864,824** | **105,348,700** | | **127,174,400** |
| | | REPAYMENTS | |
| 13,844,053 | 15,150,000 | Fisheries Development Fund | 15,250,000 |
| 3,324,708 | 3,068,900 | Industrial Development Act | 4,700,000 |
| 14,409,900 | 9,692,000 | Industrial Estates Limited | 10,262,000 |
| 3,748,810 | 2,792,200 | Industrial Loan Act | 3,400,000 |
| 265,250 | 257,300 | Municipal Hospitals Loan Act | 248,200 |
| 968,991 | 1,458,700 | Municipal Loan and Building Fund Act | 1,509,100 |
| 9,068,499 | 7,300,000 | Nova Scotia Farm Loan Board | 7,800,000 |
| 15,444,210 | 20,966,400 | Nova Scotia Housing Commission — | 25,107,100 |
| 4,859,151 | 7,146,400 | Nova Scotia-Canada, Home Insulation Program | 6,800,000 |
| 595,032 | 602,000 | School Loan Fund Act | 731,000 |
| 320,814 | 794,000 | Small Business Development Fund | 922,400 |
| --- | --- | Tidal Power Act | --- |
| 963,260 | 1,729,600 | Universities Assistance Act | --- |
| --- | --- | Venture Corporations Act | --- |
| 15,178,297 | 5,016,000 | Miscellaneous | 4,807,800 |
| **82,990,975** | **75,973,500** | | **81,537,600** |
| **3,244,278** | **3,200,000** | CAPITAL EXPENDITURES | **3,000,000** |

(A) Includes loans of $4,995,495 transferred from Industrial Estates Limited to the Small Business Development Board.

NOTE: Statutory Capital Items for which no vote is required under the Appropriations Act.

# FINANCIAL STATISTICS

## Historical Analysis of Gross Revenues

*Schedule 6*

| FISCAL YEAR | GROSS REVENUES (millions of dollars) | ANNUAL PERCENT CHANGE | GROSS REVENUES [1] (constant 1971 dollars) | ANNUAL PERCENT CHANGE |
|---|---|---|---|---|
| 1974-75 | 870 | | 696 | |
| 1975-76 | 1,011 | 16.2 | 730 | 4.9 |
| 1976-77 | 1,154 | 14.1 | 775 | 6.2 |
| 1977-78 | 1,274 | 10.4 | 792 | 2.2 |
| 1978-79 | 1,421 | 11.5 | 811 | 2.4 |
| 1979-80 | 1,592 | 12.0 | 833 | 2.7 |
| 1980-81 | 1,763 | 10.7 | 837 | 0.5 |
| 1981-82 | 1,980 | 12.3 | 836 | (0.1) |
| 1982-83 F | 2,125 | 7.3 | 810 | (3.1) |
| 1983-84 E | 2,388 | 12.4 | 854 | 5.4 |

1 Determined using the Consumer Price Index deflator.

F Forecast

E Estimate

NOTE: Gross Revenues include Ordinary Revenues, Ordinary and Capital Recoveries and Prior Years Adjustments.

## Historical Analysis of Gross Expenditures

*Schedule 7*

| FISCAL YEAR | GROSS EXPENDITURES (millions of dollars) | ANNUAL PERCENT CHANGE | GROSS EXPENDITURES [1] (constant 1971 dollars) | ANNUAL PERCENT CHANGE |
|---|---|---|---|---|
| 1974-75 | 955 | | 764 | |
| 1975-76 | 1,186 | 24.2 | 856 | 12.0 |
| 1976-77 | 1,254 | 5.7 | 842 | (1.6) |
| 1977-78 | 1,384 | 10.4 | 861 | 2.3 |
| 1978-79 | 1,650 | 19.2 | 942 | 9.4 |
| 1979-80 | 1,793 | 8.7 | 938 | (0.4) |
| 1980-81 | 2,095 | 16.8 | 995 | 6.1 |
| 1981-82 | 2,523 | 20.4 | 1,065 | 7.0 |
| 1982-83 F | 2,690 | 6.6 | 1,024 | (3.9) |
| 1983-84 E | 2,939 | 9.3 | 1,051 | 2.6 |

1 Determined using the Consumer Price Index deflator.

F Forecast

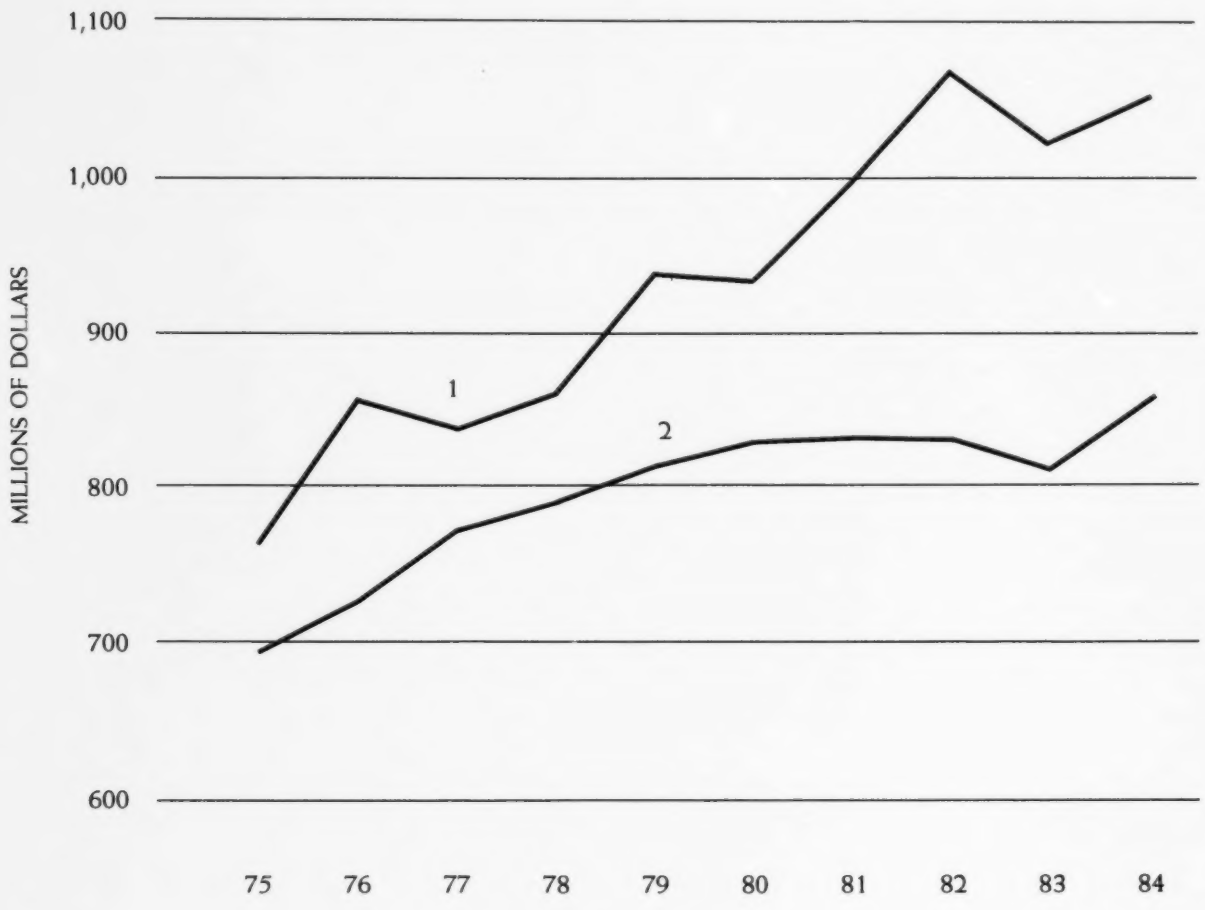
E Estimate

NOTE: Gross Expenditures include Ordinary and Capital Expenditures, Sinking Fund Installments and net increases in Capital Advances and Investments.

## Comparison of Gross Revenues and Gross Expenditures

(constant 1971 dollars)

*Chart 1*




FISCAL YEAR ENDING MARCH 31

1 Gross Expenditures include Ordinary and Capital Expenditures, Sinking Fund Installments and net increases in Capital Advances and Investments.

2 Gross Revenues include Ordinary Revenues, Ordinary and Capital Recoveries and Prior Years Adjustments.

## Historical Analysis of Gross Revenues by Source

*Schedule 8*

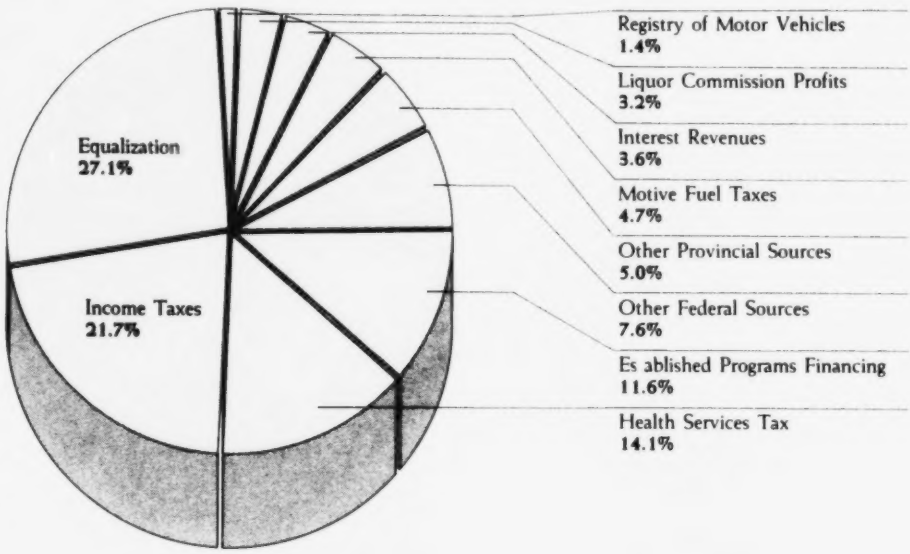
| | 1979-80 | 1980-81 | 1981-82 | FORECAST 1982-83 | ESTIMATE 1983-84 |
|---|---|---|---|---|---|
| Provincial Sources (thousands of dollars) | 822,023 | 928,621 | 1,023,518 | 1,140,157 | 1,297,770 |
| Income Taxes | 333,092 | 374,542 | 437,821 | 461,478 | 504,203 |
| Health Services Tax | 215,418 | 224,498 | 234,080 | 300,000 | 354,500 |
| Motive Fuel Taxes | 68,894 | 68,377 | 66,515 | 99,000 | 106,800 |
| Liquor Commission Profits | 54,489 | 60,042 | 64,820 | 67,300 | 75,300 |
| Interest Revenues | 48,597 | 63,259 | 63,475 | 76,700 | 83,594 |
| Registry of Motor Vehicles | 26,883 | 26,754 | 26,980 | 30,620 | 34,731 |
| Other Provincial Sources | 74,650 | 111,149 | 129,827 | 105,059 | 138,642 |
| Federal Sources (thousands of dollars) | 769,546 | 834,335 | 956,313 | 984,368 | 1,090,453 |
| Equalization | 418,410 | 454,163 | 549,572 | 576,000 | 618,000 |
| Established Programs Financing | 212,982 | 232,825 | 241,137 | 247,700 | 274,804 |
| Other Federal Sources | 138,154 | 147,347 | 165,604 | 160,668 | 197,649 |
| **Total Gross Revenues** | **1,591,569** | **1,762,956** | **1,979,831** | **2,124,525** | **2,388,223** |
| Provincial Sources (as a percent of Total Gross Revenues) | 51.6 | 52.7 | 51.7 | 53.7 | 54.3 |
| Income Taxes | 20.9 | 21.3 | 22.1 | 21.7 | 21.1 |
| Health Services Tax | 13.5 | 12.7 | 11.8 | 14.1 | 14.8 |
| Motive Fuel Taxes | 4.3 | 3.9 | 3.4 | 4.7 | 4.5 |
| Liquor Commission Profits | 3.4 | 3.4 | 3.3 | 3.2 | 3.1 |
| Interest Revenues | 3.1 | 3.6 | 3.2 | 3.6 | 3.5 |
| Registry of Motor Vehicles | 1.7 | 1.5 | 1.4 | 1.4 | 1.5 |
| Other Provincial Sources | 4.7 | 6.3 | 6.5 | 5.0 | 5.8 |
| Federal Sources (as a percent of Total Gross Revenues) | 48.4 | 47.3 | 48.3 | 46.3 | 45.7 |
| Equalization | 26.3 | 25.8 | 27.7 | 27.1 | 25.9 |
| Established Programs Financing | 13.4 | 13.2 | 12.2 | 11.6 | 11.5 |
| Other Federal Sources | 8.7 | 8.3 | 8.4 | 7.6 | 8.3 |
| **Total Gross Revenues** | **100.0** | **100.0** | **100.0** | **100.0** | **100.0** |

NOTE: Gross Revenues include Ordinary Revenues, Ordinary and Capital Recoveries and Prior Years Adjustments.

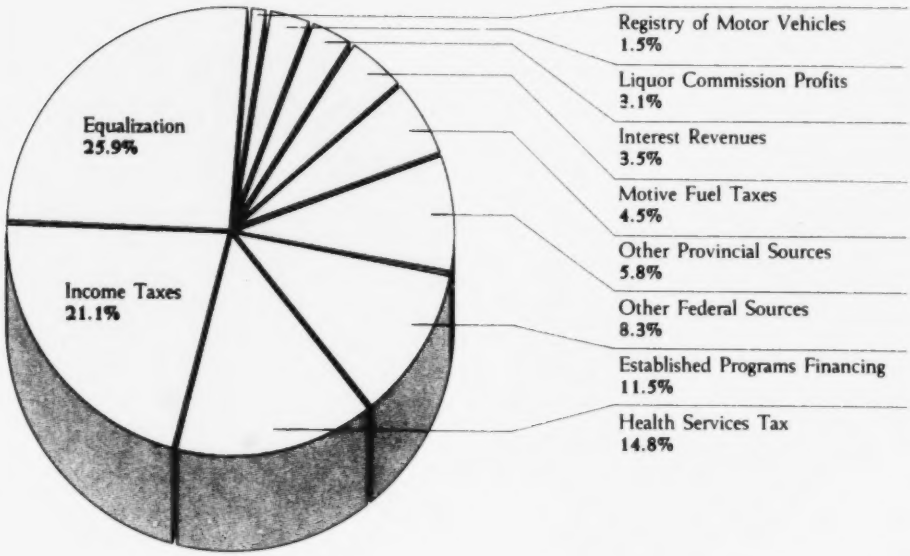
# Gross Revenues by Source

*Chart 2*

1982-83




1983-84




NOTE: Gross Revenues include Ordinary Revenues, Ordinary and Capital Recoveries and Prior Years Adjustments.

# Historical Analysis of Gross Expenditures by Function *Schedule 9*

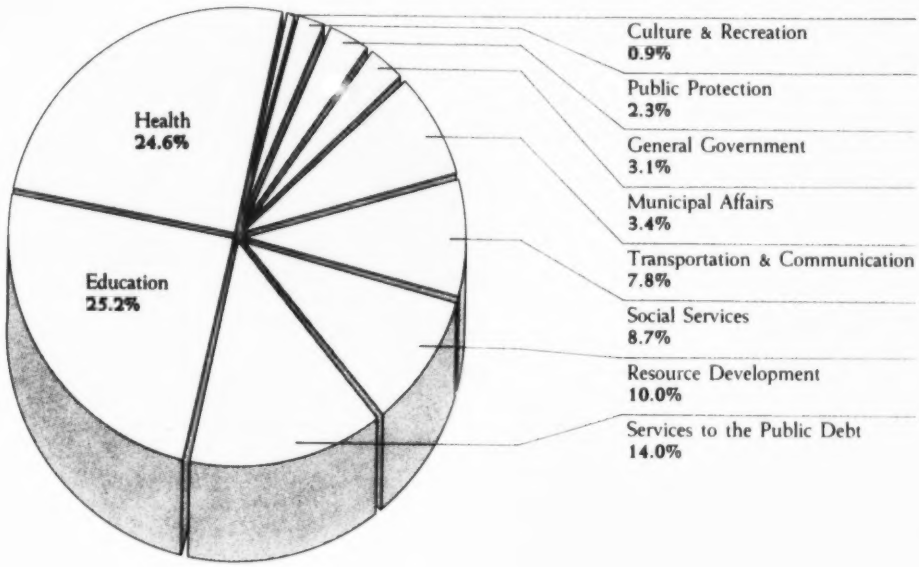
| Function (thousands of dollars) | 1979-80 | 1980-81 | 1981-82 | FORECAST 1982-83 | ESTIMATE 1983-84 |
|---|---|---|---|---|---|
| General Government | 56,439 | 66,273 | 77,747 | 83,669 | 95,030 |
| Public Protection | 43,279 | 47,801 | 57,068 | 62,157 | 69,952 |
| Transportation and Communications | 172,819 | 198,458 | 244,890 | 209,741 | 214,529 |
| Resource Development | 239,034 | 311,132 | 344,668 | 267,697 | 276,684 |
| Health | 392,473 | 456,383 | 561,220 | 661,231 | 719,582 |
| Social Services | 152,549 | 167,588 | 198,327 | 234,533 | 256,572 |
| Education | 411,673 | 453,078 | 559,023 | 678,368 | 718,181 |
| Culture and Recreation | 17,785 | 20,135 | 28,470 | 23,852 | 24,844 |
| Services to the Public Debt | 179,052 | 215,962 | 276,455 | 376,677 | 466,976 |
| Municipal Affairs | 128,155 | 158,045 | 175,305 | 92,310 | 96,372 |
| **Total Gross Expenditures** | **1,793,258** | **2,094,855** | **2,523,173** | **2,690,235** | **2,938,722** |
| Function (as a percent of Total Gross Expenditures) | | | | | |
| General Government | 3.1 | 3.1 | 3.1 | 3.1 | 3.2 |
| Public Protection | 2.4 | 2.3 | 2.3 | 2.3 | 2.4 |
| Transportation and Communications | 9.6 | 9.5 | 9.7 | 7.8 | 7.3 |
| Resource Development | 13.3 | 14.9 | 13.7 | 10.0 | 9.4 |
| Health | 21.9 | 21.8 | 22.2 | 24.6 | 24.5 |
| Social Services | 8.5 | 8.0 | 7.9 | 8.7 | 8.7 |
| Education | 23.0 | 21.6 | 22.1 | 25.2 | 24.4 |
| Culture and Recreation | 1.0 | 1.0 | 1.1 | 0.9 | 0.9 |
| Services to the Public Debt | 10.0 | 10.3 | 11.0 | 14.0 | 15.9 |
| Municipal Affairs | 7.2 | 7.5 | 6.9 | 3.4 | 3.3 |
| **Total Gross Expenditures** | **100.0** | **100.0** | **100.0** | **100.0** | **100.0** |

NOTE: Gross Expenditures include Ordinary and Capital Expenditures, Sinking Fund Installments and net increases in: Capital Advances and Investments.

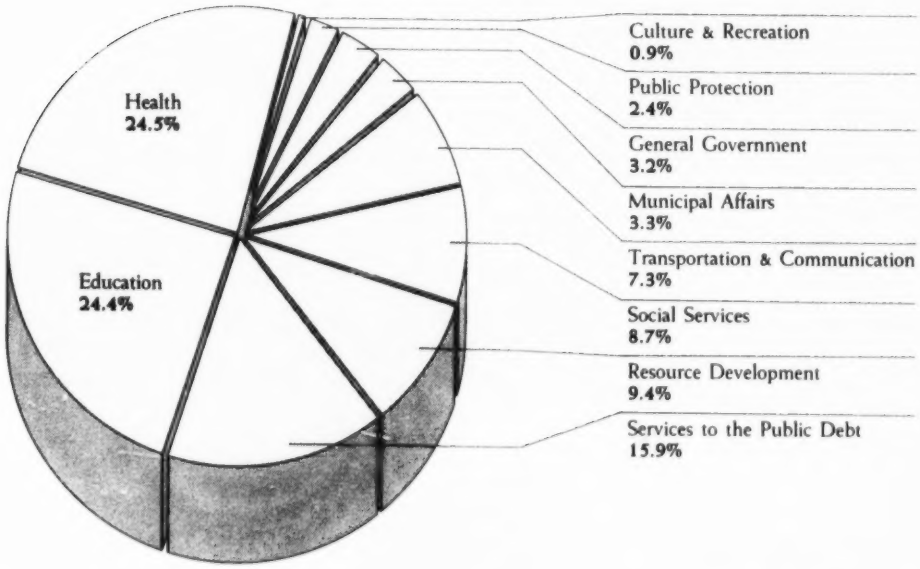
# Gross Expenditures by Function

*Chart 3*

1982-83




1983-84




NOTE: Gross Expenditures include Ordinary Expenditures and Capital Expenditures, Sinking Fund Installments and net increases in Capital Advances and Investments.

## Gross Ordinary Expenditures by Function

*Schedule 10*

| Function (thousands of dollars) | 1979-80 | 1980-81 | 1981-82 | FORECAST 1982-83 | ESTIMATE 1983-84 |
|---|---|---|---|---|---|
| General Government | 49,435 | 61,444 | 74,112 | 80,548 | 90,807 |
| Public Protection | 38,159 | 43,981 | 54,288 | 61,079 | 67,550 |
| Transportation and Communications | 67,789 | 87,469 | 103,489 | 102,146 | 101,526 |
| Resource Development | 147,299 | 185,953 | 198,819 | 191,205 | 176,382 |
| Health | 388,079 | 442,635 | 538,809 | 630,783 | 698,889 |
| Social Services | 152,547 | 166,702 | 198,211 | 234,533 | 256,333 |
| Education | 399,826 | 443,537 | 548,543 | 661,955 | 700,148 |
| Culture and Recreation | 14,898 | 17,394 | 20,948 | 21,723 | 23,291 |
| Services to the Public Debt | 179,052 | 215,962 | 276,455 | 376,677 | 466,976 |
| Municipal Affairs | 118,132 | 136,657 | 138,313 | 68,367 | 57,620 |
| **Total Ordinary Expenditures** | **1,555,216** | **1,801,734** | **2,151,987** | **2,429,016** | **2,639,522** |

NOTE: Includes Ordinary Expenditures and Sinking Fund Installments.

## Gross Capital Expenditures by Function

*Schedule 11*

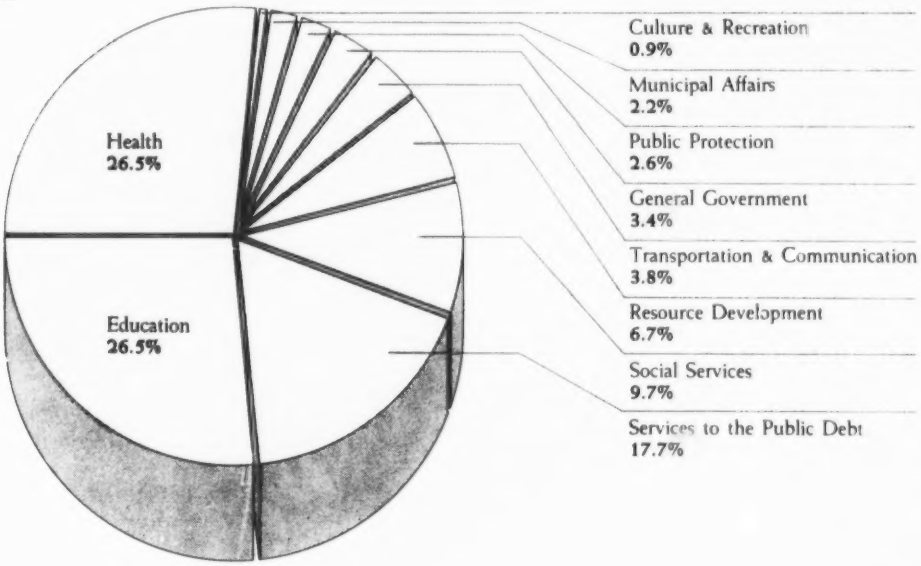
| Function (thousands of dollars) | 1979-80 | 1980-81 | 1981-82 | FORECAST 1982-83 | ESTIMATE 1983-84 |
|---|---|---|---|---|---|
| General Government | 7,004 | 4,829 | 3,635 | 3,121 | 4,223 |
| Public Protection | 5,120 | 3,820 | 2,780 | 1,078 | 2,402 |
| Transportation and Communications | 105,030 | 110,989 | 141,401 | 107,595 | 113,003 |
| Resource Development | 91,735 | 125,179 | 145,849 | 76,492 | 100,302 |
| Health | 4,394 | 13,748 | 22,411 | 30,448 | 20,693 |
| Social Services | 2 | 886 | 116 | --- | 239 |
| Education | 11,847 | 9,541 | 10,480 | 16,413 | 18,033 |
| Culture and Recreation | 2,887 | 2,741 | 7,522 | 2,129 | 1,553 |
| Municipal Affairs | 10,023 | 21,388 | 36,992 | 23,943 | 38,752 |
| **Total Capital Expenditures** | **238,042** | **293,121** | **371,186** | **261,219** | **299,200** |

NOTE: Includes Capital Expenditures and net increases in Capital Advances and Investments.

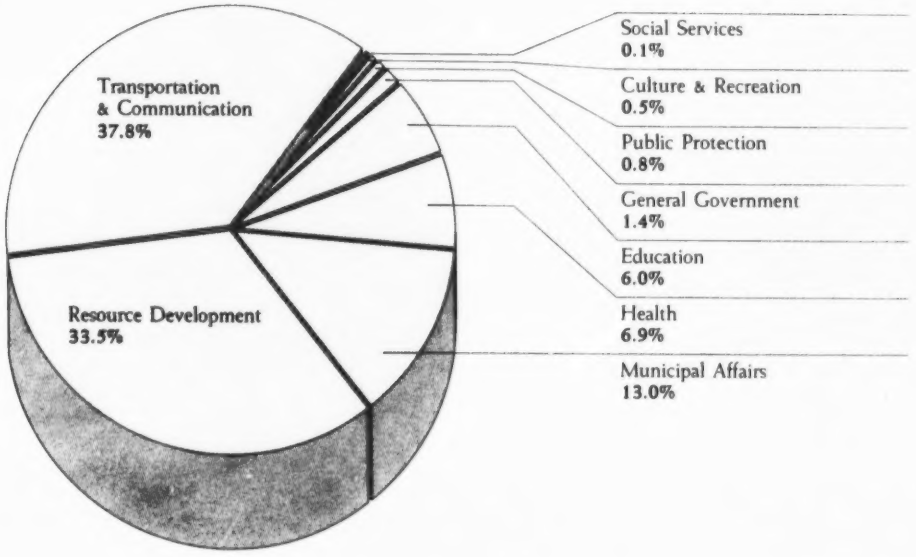
# Gross Ordinary and Capital Expenditures By Function

*Chart 4*

ORDINARY EXPENDITURES
1983-84




CAPITAL EXPENDITURES
1983-84



# Transfer Payments from the Government of Canada

*Schedule 12*

(millions of dollars)

| FISCAL YEAR | UNCONDITIONAL TRANSFERS [1] | CONDITIONAL TRANSFERS [2] | TOTAL TRANSFERS | ANNUAL PERCENT CHANGE | PERCENT OF TOTAL ORDINARY REVENUES AND ORDINARY AND CAPITAL RECOVERIES |
|---|---|---|---|---|---|
| 1973-74 | 199 | 143 | 342 | | 47.0 |
| 1974-75 | 238 | 153 | 391 | 14.3 | 46.7 |
| 1975-76 | 292 | 198 | 490 | 25.3 | 50.2 |
| 1976-77 | 338 | 227 | 565 | 15.3 | 49.4 |
| 1977-78 * | 514 | 106 | 620 | 9.7 | 48.8 |
| 1978-79 | 568 | 138 | 706 | 13.9 | 49.9 |
| 1979-80 | 634 | 133 | 767 | 8.6 | 49.1 |
| 1980-81 | 685 | 146 | 831 | 8.3 | 48.0 |
| 1981-82 | 777 | 126 | 903 | 8.7 | 46.7 |
| 1982-83 F | 827 | 128 | 955 | 5.8 | 44.7 |
| 1983-84 E | 896 | 150 | 1,046 | 9.5 | 43.8 |

1 Unconditional Transfers which currently include Equalization Payments, Established Programs Financing Cash Transfers and Statutory Subsidies, constitute those payments from the Federal Government that may be spent in any manner.

2 Conditional Transfers constitute those payments from the Federal Government that must be spent on the specific programs for which the transfers are made. In essence, the Conditional Transfers pertain to shared-cost programs.

* The substantial change in conditional and unconditional transfers in 1977-78 reflects new arrangements with the Federal Government respecting the financing of Health programs and Post-Secondary Education. Prior to April 1, 1977, the financing of these Established Programs was on a cost-sharing basis and the Federal Government's contributions were considered to be Conditional Transfers. Beginning in 1977-78, the Federal contributions towards these programs were block funded and took the form of an Unconditional Transfer to the Province of tax points combined with cash payments.

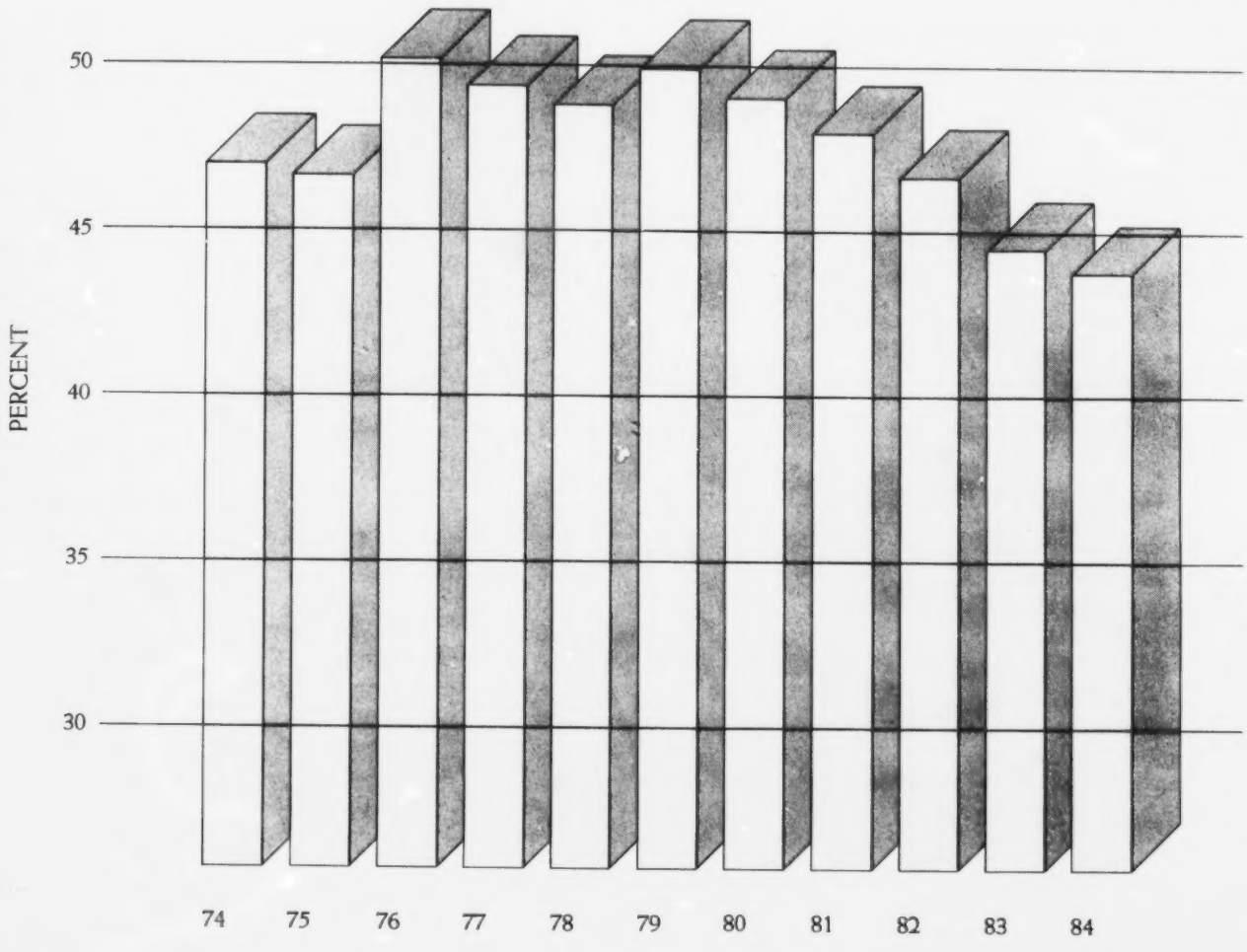
F Forecast

E Estimate

NOTE: Do not include Prior Years Adjustments.

## Transfers from the Government of Canada as a Percent of Ordinary Revenues and Ordinary and Capital Recoveries

*Chart 5*




FISCAL YEAR ENDING MARCH 31

# Summary of Ordinary Revenues and Expenditures by Source and Function

*Schedule 13*

(thousands of dollars)

| | ESTIMATE 1982-83 | FORECAST 1982-83 | ESTIMATE 1983-84 |
|---|---|---|---|
| ORDINARY REVENUES AND RECOVERIES BY SOURCE | | | |
| Provincial Sources | | | |
| Income Taxes | 529,474 | 461,478 | 504,203 |
| Health Services Tax | 350,675 | 300,000 | 354,500 |
| Motive Fuel Taxes | 102,218 | 99,000 | 106,800 |
| Liquor Commission Profits | 77,000 | 67,300 | 75,300 |
| Interest Revenues | 76,172 | 76,700 | 83,594 |
| Registry of Motor Vehicles | 33,138 | 30,620 | 34,731 |
| Other Provincial Sources | 99,606 | 100,383 | 133,528 |
| Federal Sources | | | |
| Equalization | 605,804 | 576,000 | 618,000 |
| Established Programs Financing | 239,540 | 247,700 | 274,804 |
| Other Federal Sources | 152,142 | 145,344 | 153,148 |
| **Total Ordinary Revenues and Recoveries** | **2,265,769** | **2,104,525** | **2,338,608** |
| ORDINARY EXPENDITURES BY FUNCTION | | | |
| General Government | 84,136 | 80,548 | 90,807 |
| Public Protection | 63,456 | 61,079 | 67,550 |
| Transportation and Communications | 95,225 | 102,146 | 101,526 |
| Resource Development | 215,346 | 191,205 | 176,382 |
| Health | 625,038 | 630,783 | 698,889 |
| Social Services | 231,730 | 234,533 | 256,333 |
| Education | 651,597 | 661,955 | 700,148 |
| Culture and Recreation | 23,364 | 21,723 | 23,291 |
| Interest on the Public Debt | 336,809 | 331,259 | 414,575 |
| Municipal Affairs | 68,354 | 68,367 | 57,620 |
| **Total Ordinary Expenditures** | **2,395,055** | **2,383,598** | **2,587,121** |
| Prior Years Adjustments — Federal-Provincial Fiscal Arrangements | --- | (14,084) | --- |
| Surplus (Deficiency) of Ordinary Operating Revenues and Recoveries over Expenditures | (129,286) | (293,157) | (248,513) |
| Sinking Fund Installments and Serial Retirements | 45,418 | 45,418 | 52,401 |

# ECONOMIC REVIEW AND OUTLOOK

# Gross Domestic Product at Market Price

(millions of dollars)

*Schedule 14*

| YEAR | NOVA SCOTIA [1] | ANNUAL PERCENT CHANGE | CANADA [1] | ANNUAL PERCENT CHANGE |
|---|---|---|---|---|
| 1971 | 2,363.4 | | 95,070.6 | |
| 1972 | 2,699.4 | 14.2 | 106,517.0 | 12.0 |
| 1973 | 3,125.2 | 15.8 | 125,339.1 | 17.7 |
| 1974 | 3,558.4 | 13.9 | 150,406.7 | 20.0 |
| 1975 | 3,989.1 | 12.1 | 168,185.7 | 11.8 |
| 1976 | 4,633.9 | 16.2 | 193,973.9 | 15.3 |
| 1977 | 5,049.1 | 9.0 | 212,389.3 | 9.5 |
| 1978 | 5,602.0 | 11.0 | 236,045.0 | 11.1 |
| 1979 | 6,208.0 | 10.8 | 268,764.0 | 13.9 |
| 1980 | 6,461.0 | 4.1 [2] | 299,791.0 | 11.5 |
| 1981 | 7,329.0 | 13.4 | 341,598.0 | 14.0 |
| 1982 | 7,672.0 p | 4.7 | 351,022.0 p | 2.8 |
| 1983 | 8,437.0 p | 10.0 | 381,167.0 p | 8.6 |

1 Source - Statistics Canada: "Provincial Economic Accounts"

2 Gross Domestic Product at market price represents the value added by each of the factors of production plus indirect taxes less subsidies. The substantial increase in the value of subsidies paid to importers of crude oil and petroleum products in 1980 in Nova Scotia had a proportionately greater impact on Nova Scotia Gross Domestic Product at market price than the impact of such subsidies on Gross Domestic Product at market price for Canada as a whole.

p Preliminary Projections; Source: Nova Scotia Department of Development

# Consumer Price Index

(1971 = 100.00)

*Schedule 15*

| YEAR | HALIFAX [1] | ANNUAL PERCENT CHANGE | CANADA [1] | ANNUAL PERCENT CHANGE |
|---|---|---|---|---|
| 1971 | 100.0 | | 100.0 | |
| 1972 | 104.7 | 4.7 | 104.8 | 4.8 |
| 1973 | 113.1 | 8.0 | 112.7 | 7.5 |
| 1974 | 124.3 | 9.9 | 125.0 | 10.9 |
| 1975 | 136.8 | 10.1 | 138.5 | 10.8 |
| 1976 | 148.3 | 8.4 | 148.9 | 7.5 |
| 1977 | 159.8 | 7.8 | 160.8 | 8.0 |
| 1978 | 172.1 | 7.7 | 175.2 | 9.0 |
| 1979 | 187.4 | 8.9 | 191.2 | 9.1 |
| 1980 | 207.5 | 10.7 | 210.6 | 10.1 |
| 1981 | 232.0 | 11.8 | 236.9 | 12.5 |
| 1982 | 254.3 | 9.6 | 262.5 | 10.8 |
| 1983 | 272.1 p | 7.0 | 279.6 p | 6.5 |

1 Source - Statistics Canada: "The Consumer Price Index"

p Preliminary Projections; Source: Nova Scotia Department of Development

NOTE: The Consumer Price Index measures the percentage change through time in the cost of purchasing a constant "basket" of goods and services representing the purchases made by a particular population group in a specified time period. The Consumer Price Index used in this table is an annual average of the monthly indices.

# Personal Income Per Capita

(dollars)

*Schedule 16*

| YEAR | NOVA SCOTIA [1] | ANNUAL PERCENT CHANGE | CANADA [1] | ANNUAL PERCENT CHANGE |
|---|---|---|---|---|
| 1971 | 2,662.0 | | 3,435.0 | |
| 1972 | 3,064.0 | 15.1 | 3,842.0 | 11.9 |
| 1973 | 3,545.0 | 15.7 | 4,438.0 | 15.5 |
| 1974 | 4,156.0 | 17.2 | 5,226.0 | 17.8 |
| 1975 | 4,749.0 | 14.3 | 6,001.0 | 14.8 |
| 1976 | 5,327.0 | 12.2 | 6,756.0 | 12.6 |
| 1977 | 5,898.0 | 10.7 | 7,356.0 | 8.9 |
| 1978 | 6,567.0 | 11.3 | 8,091.0 | 10.0 |
| 1979 | 7,258.0 | 10.5 | 8,956.0 | 10.7 |
| 1980 | 7,957.0 | 9.6 | 9,971.0 | 11.3 |
| 1981 | 9,041.0 | 13.6 | 11,520.0 | 15.5 |
| 1982 | 10,053.0 p | 11.2 | 12,487.0 p | 8.4 |
| 1983 | 10,850.0 p | 7.9 | 13,177.0 p | 5.5 |

1 Source - Statistics Canada: "National Income and Expenditure Accounts"

p Preliminary Projections; Source: Nova Scotia Department of Development

# Labour Force

(thousands of persons)

*Schedule 17*

| YEAR | NOVA SCOTIA [1] | ANNUAL PERCENT CHANGE | CANADA [1] | ANNUAL PERCENT CHANGE |
|---|---|---|---|---|
| 1971 | 276.0 | | 8,639.0 | |
| 1972 | 280.0 | 1.5 | 8,897.0 | 3.0 |
| 1973 | 295.0 | 5.4 | 9,276.0 | 4.3 |
| 1974 | 313.0 | 6.1 | 9,639.0 | 3.9 |
| 1975 | 317.0 | 1.3 | 9,974.0 | 3.5 |
| 1976 | 323.0 | 1.9 | 10,206.0 | 2.3 |
| 1977 | 329.0 | 1.9 | 10,498.0 | 2.9 |
| 1978 | 342.0 | 4.0 | 10,882.0 | 3.7 |
| 1979 | 352.0 | 2.9 | 11,207.0 | 3.0 |
| 1980 | 363.0 | 3.1 | 11,522.0 | 2.8 |
| 1981 | 367.0 | 1.1 | 11,830.0 | 2.7 |
| 1982 | 370.0 | 0.8 | 11,879.0 | 0.4 |
| 1983 | 371.0 p | 0.3 | 11,990.0 p | 0.9 |

1 Source - Statistics Canada: "Historical Labour Force Statistics"

p Preliminary Projections; Source: Nova Scotia Department of Development

# Employment

(thousands of persons)

*Schedule 18*

| YEAR | NOVA SCOTIA [1] | ANNUAL PERCENT CHANGE | CANADA [1] | ANNUAL PERCENT CHANGE |
|---|---|---|---|---|
| 1971 | 256.0 | | 8,104.0 | |
| 1972 | 261.0 | 2.0 | 8,344.0 | 3.0 |
| 1973 | 275.0 | 5.4 | 8,761.0 | 5.0 |
| 1974 | 292.0 | 6.2 | 9,125.0 | 4.2 |
| 1975 | 292.0 | --- | 9,284.0 | 1.7 |
| 1976 | 292.0 | --- | 9,479.0 | 2.1 |
| 1977 | 294.0 | 0.7 | 9,648.0 | 1.8 |
| 1978 | 306.0 | 4.1 | 9,972.0 | 3.4 |
| 1979 | 316.0 | 3.3 | 10,369.0 | 4.0 |
| 1980 | 328.0 | 3.8 | 10,655.0 | 2.8 |
| 1981 | 330.0 | 0.6 | 10,933.0 | 2.6 |
| 1982 | 321.0 | (2.7) | 10,574.0 | (3.3) |
| 1983 | 317.0 p | (1.3) | 10,426.0 p | (1.4) |

1 Source - Statistics Canada: "Historical Labour Force Statistics"

p Preliminary Projections; Source: Nova Scotia Department of Development

# Unemployment

(thousands of persons)

*Schedule 19*

| | NOVA SCOTIA [1] | | CANADA [1] | |
|---|---|---|---|---|
| YEAR | UNEMPLOYED | UNEMPLOYMENT RATE % | UNEMPLOYED | UNEMPLOYMENT RATE % |
| 1971 | 19.0 | 7.0 | 535.0 | 6.2 |
| 1972 | 20.0 | 7.0 | 553.0 | 6.2 |
| 1973 | 19.0 | 6.6 | 515.0 | 5.5 |
| 1974 | 21.0 | 6.8 | 514.0 | 5.3 |
| 1975 | 24.0 | 7.7 | 690.0 | 6.9 |
| 1976 | 31.0 | 9.5 | 727.0 | 7.1 |
| 1977 | 35.0 | 10.6 | 850.0 | 8.1 |
| 1978 | 36.0 | 10.6 | 911.0 | 8.4 |
| 1979 | 36.0 | 10.2 | 838.0 | 7.5 |
| 1980 | 36.0 | 9.8 | 867.0 | 7.5 |
| 1981 | 37.0 | 10.2 | 898.0 | 7.6 |
| 1982 | 49.0 | 13.2 | 1,305.0 | 11.0 |
| 1983 | 54.0 p | 14.5 | 1,564.0 p | 13.0 |

1 Source - Statistics Canada: "Historical Labour Force Statistics"

p Preliminary Projections; Source: Nova Scotia Department of Development

NOTE: The Unemployment Statistics shown in this table are annual averages of the monthly indices.

# BUDGET ADDRESS

by Honourable Joel R. Matheson, QC,
Minister of Finance

Nova Scotia
House of Assembly

for the fiscal year
1983-84